

IRS News Release

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Free File Opens Today with Enhanced Taxpayer Services

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WASHINGTON — The Internal Revenue Service and its private-sector partners today announced the opening of Free File, the free tax preparation and free electronic filing initiative that marks its fourth year. More than 70 percent of the nation's taxpayers – more than 92 million people - qualify for Free File this year.

A new agreement between the IRS and the Free File Alliance, the consortium of tax preparation software companies, means enhanced services and more information for taxpayers who use the free services. Taxpayers must access Free File through IRS.gov.

"This unique private-public partnership provides free tax software and free electronic filing. It's targeted to middle- and low-income taxpayers who can most benefit from this program," said IRS Commissioner Mark W. Everson. "Free File is another example of the IRS' effort to bring new and innovative services to taxpayers. Taxpayers should review the numerous Free File offerings and see which one works best for them."

Free File Alliance Executive Director Tim Hugo stated, "In addition to providing free federal tax preparation services to millions of low and moderate income Americans, the Free File Alliance is proving to be the model for public-private partnerships in the United States."

Among the services and improvements this year:

- The 3 million taxpayers who used to file their income tax return through TeleFile, an option no longer available, automatically qualify for Free File this year;
- Seventy percent of the nation's taxpayers – those with an adjusted gross income of \$50,000 or less – will be eligible, but each company sets its own criteria;
- Alliance members who offer refund anticipation loans (RALs) must disclose fees and interest rates upfront and must make clear that RALS are loans, not tax refunds. Taxpayers also must consent to receive additional information about ancillary financial products;
- Alliance members will provide additional tax forms such as Form 4868 that allows for automatic extensions of time to file;

- Alliance members' Web sites will display whether state online tax preparation and filing services are available and the associated fees, if any.

For 2006, taxpayers with access to a computer and the Internet may check on IRS.gov to determine if they will qualify for Free File. The Free File Alliance selects its own membership, but all members must meet the IRS' high standards for security and privacy. The IRS does not endorse any Free File Alliance company or product. The IRS also will manage the content of the Free File pages accessible on IRS.gov. Taxpayers do not have to purchase any product in order to qualify for the free services.

More than 5.14 million taxpayers used Free File last year, almost a 47 percent increase over the 3.5 million users in 2004. Free File debuted in 2003 with nearly 2.8 million users.